

California Department of Corrections Financial Information Memo

SUBJECT: AUDIT RESPONSES—CORRECTIVE ACTION PLANS	FIM NUMBER: 2001-02
REFERENCES: None	DATE: March 26, 2001

DISTRIBUTION

Executive Staff
Wardens
Regional Parole Administrators
Associate Wardens, Business Services
Accounting Management Branch
Regional Accounting Office Managers

PURPOSE

The purpose of this Financial Information Memo (FIM) is to standardize the preparation and format of audit responses for all fiscal audit reports for the California Department of Corrections (CDC).

DISCUSSION

Audit reports provide CDC management with information regarding the operational effectiveness, financial reliability, and legal compliance of the fiscal administration at an Institution, a Parole Region, a Regional Accounting Office (RAO), or the Accounting Management Branch (AMB).

BACKGROUND

The Office of Financial Management (OFM) is assigned the responsibility for the follow up on all of the CDC financial and internal control audit reports. This includes, but is not limited to, audits performed by the Inspector General, Bureau of State Audits or Office of State Audits and Evaluations. In addition, the CDC also performs internal Peer Reviews and Quarterly Spot Cash Audits.

ACTION REQUIRED

Upon receipt of a financial or internal control audit report, the management of the audited fiscal operation is required to prepare a response. This response must be submitted to the audit entity within the requested time frame. All findings identified in the report must be specifically addressed.

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An audit response is also required for the Quarterly Spot Cash Audits performed by the RAO. These responses must be submitted to the OFM Chief Financial Officer within ten days of receipt of the report.

A sample of the audit response standard format is shown on Attachment A (see below). The finding is restated as presented in the audit report, followed by a narrative response. The response will include explanations as to the corrective action implemented to resolve each audit finding. In addition, the audit response must be routed with a cover memo (Attachment B – see below) directed to the audit entity or in the case of Spot audits, the OFM's Chief Financial Officer. The memo will be signed by the Warden for Institution reports, the Regional Parole Administrator for Parole reports, or by the Chief Financial Officer for RAO and AMB reports.

The audited Institution must also provide copies of all corrective action plans to the RAO Manager. The Manager will be responsible for reporting on the status of the implementation of the Institution's corrective actions to the OFM's Chief Financial Officer. The audited Parole Region and the AMB will provide copies of their corrective action plans to the Accounting Policies and Procedures Section (APPS). APPS staff will delegate follow up responsibility to an appropriate RAO Manager, who will provide status reports to the Chief Financial Officer.

If you have any further questions regarding this FIM, please contact Carol Gardemal, Administrator, Regional Accounting—South at (909) 483-1554.

WENDY STILL
Chief Financial Officer
Office of Financial Management

Attachments

cc: Larry Witek, Deputy Director, Institutions Division
Regina Stephens, Deputy Director, Parole and Community Services Division
Assistant Deputy Director, Institutions Division
Institutional Regional Administrators
Timothy Gilpin, Regional Accounting-North
Carol Gardemal, Regional Accounting-South
William B. Dougherty, Accounting Management Branch
Paul Thatcher, Accounting Policies and Procedures Section

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Attachment A

SAMPLE
CORRECTIVE ACTION PLAN
AUDIT TITLE
AUDIT DATED...

INSTITUTION/RAO/AMB

Page
Date: _____

ITEM #	AUDIT FINDING	RESPONSIBLE PERSONNEL	ACTION TAKEN/ PROPOSED ACTION	DATE TO BE COMPLETED
B. 1.	Safeguarding of Assets – Separation of Duties The Institution Accounting Office Supervisor is authorized to sign and review checks and has access to the blank check stock.	Correctional Business Manager	The vault combination has been changed and given to staff whose duties do not conflict. Documentation of those with current vault access and those with check signing authority is on file in the Business Manager's Office. Procedures are in place to review these assignments quarterly, or as staffing changes occur.	01/31/2001
B. 2.	Cash Fund Reconciliations Independent monthly cash reconciliations are not performed as required.	Institution Accounting Office Supervisor	Procedures are in place to insure that an independent count of the cash payment fund is performed monthly.	01/31/2001
C. 1.	Bank Reconciliations The bank reconciliation is not prepared timely.	Institution Accounting Office Supervisor	Bank Reconciliations are now completed within 30 days and remain current.	01/31/2001

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Attachment B

State of California

Department of Corrections

Memorandum

Date :

To : *Agency Auditor/Chief Financial Officer, OFM*

Subject : ***(DRAFT/SPOT CASH) AUDIT REPORT: INSTITUTION/PAROLE REGION/RAO/AMB***

The *(Institution/Parole Region/RAO/AMB)* has received the *(draft/spot cash)* audit report of internal controls for the *(Institution/Parole Region/RAO/AMB)* as of *(date stated in the report)*. My staff and I wish to express our appreciation for the work of your audit staff.

Attached for your review is the response to the *(draft/spot cash)* audit report. Corrective action has been taken regarding each finding noted in the report.

If you have any questions or concerns regarding this response, please feel free to contact me at *(telephone number)*.

*Warden/Regional Parole Administrator/Chief Financial Officer
Institution/Parole Region/Office of Financial Management*

Attachment

cc: *Regional Administrator
Administrator, Regional Accounting-South
Regional Accounting Office Manager/Accounting Policies and Procedures Section*